

LEG. FINANCE - BILLS 1975 - 1976 428

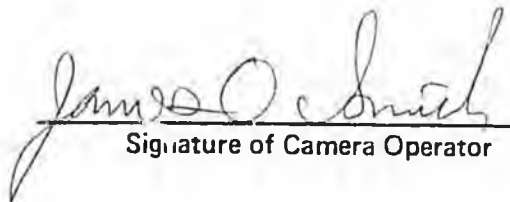
HB 582 thru HB 586 428

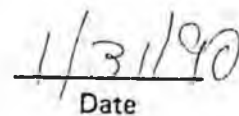


RECORDS CERTIFICATION



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Signature of Camera Operator


Date

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date March 9

The Committee on FINANCE has had 12 bills

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 1/15/76
Referred: Commerce and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 582

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of insurance; and
7 providing for an effective date."

8 BE IN ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.06.250(a)(1) is amended by adding a new subparagraph
10 to read:

11 (D) amending certificate of authority.....\$10.

12 * Sec. 2. AS 21.09.070(a) is amended to read:

13 (a) To qualify for authority to transact any one kind of in-
14 surance as defined in ch. 12 of this title, or combination of kinds of
15 insurance as shown below, a foreign insurer, or a domestic insurer
16 applying for its original certificate of authority in this state, or
17 an insurer re-applying for a certificate of authority in this state
18 after having withdrawn from this state for any cause, shall possess
19 and thereafter maintain unimpaired basic paid-in capital stock (if a
20 stock insurer) or unimpaired basic surplus (if a foreign mutual insurer
21 or foreign reciprocal insurer), and shall possess when first so
22 authorized additional funds in surplus as follows:

	Basic Capital	
Kind or Kinds	or	Additional
of Insurance	Basic Surplus	Surplus
Life	<u>\$400,000</u>	<u>\$400,000</u>
[STOCK INSURERS]	[\$200,000]	[\$100,000]
[MUTUAL INSURERS]	[300,000]	[150,000]
Disability	<u>400,000</u>	<u>400,000</u>

1	[STOCK INSURERS]	[200,000]	[100,000]
2	[MUTUAL,]		
3	[RECIPROCAL INSURERS]	[300,000]	[150,000]
4	Life and Disability	<u>500,000</u>	<u>500,000</u>
5	[STOCK INSURERS]	[200,000]	[150,000]
6	[MUTUAL INSURER	[300,000]	[225,000]
7	Property	<u>400,000</u>	<u>400,000</u>
8		[200,000]	[100,000]
9	Casualty <u>excluding vehicle</u>	<u>500,000</u>	<u>500,000</u>
10	[WITHOUT WORKMEN'S		
11	COMPENSATION]	[200,000]	[100,000]
12	[WITH WORKMEN'S		
13	COMPENSATION]	[250,000]	[150,000]
14	<u>Vehicle</u>	<u>400,000</u>	<u>400,000</u>
15	Marine & Transportation	<u>450,000</u>	<u>450,000</u>
16		[200,000]	[100,000]
17	Surety	<u>500,000</u>	<u>500,000</u>
18		[250,000]	[150,000]
19	Title	<u>250,000</u>	<u>250,000</u>
20		[100,000]	[100,000]
21	<u>Any two of the following</u>		
22	<u>kinds of insurance:</u>		
23	<u>property, marine and</u>		
24	<u>transportation, casualty</u>		
25	<u>excluding vehicle,</u>		
26	<u>surety and disability</u>	<u>550,000</u>	<u>550,000</u>
27	<u>Multiple Lines (all lines</u>		
28	<u>excluding life and title</u>		
29	<u>insurance)</u>	<u>750,000</u>	<u>750,000</u>

1	[MULTIPLE LINES (ANY		
2	TWO OR MORE KINDS OF		
3	INSURANCE, OTHER THAN		
4	LIFE OR TITLE INSURANCES)]	[400,000]	[200,000]
5	<u>Legal Expenses</u>	<u>400,000</u>	<u>400,000</u>
6	<u>Mortgage Guarantee</u>	<u>400,000</u>	<u>400,000</u>

7 * Sec. 3. AS 21.09.080 is repealed and re-enacted to read:

8 Sec. 21.09.080. CAPITAL FUNDS REQUIRED - OLD DOMESTIC INSURERS.

9 (a) A domestic insurer holding a valid certificate of authority to
10 transact insurance in this state immediately before the effective date
11 of this Act may continue to transact the same kinds of insurance
12 permitted by the certificate of authority by maintaining after that
13 date unimpaired not less than the same amount of paid-in capital stock
14 (if a stock insurer) or not less than the same amount of surplus (if a
15 mutual or reciprocal insurer) for that authority as required under the
16 laws of this state in force immediately before the effective date of
17 this Act as if the laws had continued in force.

18 (b) Notwithstanding (a) of this section, a domestic insurer
19 holding a valid certificate of authority to transact insurance in this
20 state immediately before July 1, 1966, may continue to transact the
21 same kinds of insurance permitted by the certificate of authority by
22 maintaining after that date unimpaired not less than the same amount
23 of paid-in capital stock (if a stock insurer) or not less than the
24 same amount of surplus (if a mutual or reciprocal insurer) for that
25 authority as required under the laws of this state in force immediately
26 before July 1, 1966, as if the laws had continued in force.

27 (c) An insurer described in (a) or (b) of this section may not,
28 after the effective date of this Act, be granted authority to transact
29 any other or additional kind of insurance unless it, at the time of

1 applying for the authority, fully complies with the requirements as to
2 capital and surplus, as applied to all the kinds of insurance it
3 proposes to transact, as provided under sec. 70 of this chapter as to
4 new domestic insurers.

5 (d) An insurer described in this section may not, after the
6 effective date of this Act, declare a dividend or distribute assets to
7 its shareholders, members, or subscribers until it has a total capital
8 and surplus equal to the total capital and surplus required for a like
9 insurer under sec. 70 of this chapter.

10 * Sec. 4. AS 21.09.090(b) is amended to read:

11 (b) The director may not authorize an insurer to transact
12 insurance in this state unless it makes and thereafter maintains in
13 trust in this state through the director for the protection of all its
14 policyholders or of all its policyholders and creditors, a deposit of
15 cash or securities eligible for deposit under AS 21.24.030 in the
16 amount of no less than \$300,000 [\$200,000], except that

17 (1) insurers authorized to transact insurance and trans-
18 acting insurance immediately before the effective date of this Act
19 [JULY 1, 1966], shall have a period of one year from that date within
20 which to comply with any increase in deposit required under this
21 section;

22 (2) from foreign insurers, in lieu of the deposit or part
23 thereof in this state, the director may [SHALL] accept the certificate
24 in proper form of the public official having supervision over insurers
25 in any other state to the effect that a like deposit or part thereof
26 by the insurer is being maintained in public custody or control under
27 the law in that state in trust for the protection generally of the in-
28 surer's policyholders or its policyholders and creditors, in the
29 United States;

1 (3) from alien insurers, in lieu of the deposit or part
2 thereof in this state, the director shall accept evidence satisfactory
3 to him that the insurer maintains within the United States by way of
4 trust deposits with public depositaries, or in trust institutions
5 acceptable to the director, assets available for discharge of its
6 United States insurance obligations, which assets shall be in an
7 amount not less than the outstanding liabilities of the insurer
8 arising out of its insurance transactions in the United States together
9 with a surplus equal to the larger of the following sums:

10 (A) the largest deposit required by this title to be
11 made by a foreign insurer transacting like kinds of insurance; or

12 (B) \$300,000; which surplus shall for all purposes
13 under this title be considered to be the capital or surplus of
14 the insurer.

15 * Sec. 5. AS 21.12 is amended by adding new sections to read:

16 Sec. 21.12.110. MORTGAGE GUARANTY INSURANCE DEFINED. Mortgage
17 guaranty insurance includes insurance against financial loss by reason
18 of non-payment of principal, interest and other sums agreed to be paid
19 under the terms of any note or bond or other evidence of indebtedness
20 secured by a mortgage, deed of trust or other instrument consisting of
21 a lien or charge on real estate.

22 Sec. 21.12.120. LEGAL EXPENSE INSURANCE DEFINED. Legal expense
23 insurance includes indemnity insurance against expense for the pro-
24 fessional services of licensed lawyers and pre-paid service agreements
25 or contracts between a service corporation and a licensed lawyer or
26 firm under which the lawyer or firm agrees to render all or part of
27 one or more legal services to subscribers of the service corporation
28 for which the subscribers make periodic pre-payments in identifiable
29 amounts to the service corporation.

1 * Sec. 5. AS 21.21 is amended by adding a new section to read:

2 Sec. 21.21.600. DEFINITIONS. In this chapter, unless the
3 context requires otherwise, "domestic insurer" has the same meaning as
4 set out in AS 21.90.070 and, in addition, for the purposes of this
5 chapter, includes an insurer which has been authorized to do business
6 in this state and which, during its three preceding fiscal years taken
7 together, or during any lesser period of time if it has been licensed
8 to transact its business in the State of Alaska only for such lesser
9 periods of time, has written an average of more gross premiums in the
10 State of Alaska than it has written in its state of domicile during
11 the same period, and the gross premiums written constitute 33 per cent
12 or more of its total gross premiums written everywhere in the United
13 States for the three year or lesser period, as reported in its three
14 most recent annual statements.

15 * Sec. 7. AS 21.27.510(a) is amended to read:

16 (a) "Adjuster" means a person who, for compensation as an
17 independent contractor or as an employee of an independent contractor,
18 or for fee or commission, investigates and adjusts claims arising
19 under insurance contracts on behalf of the insurer. An attorney at
20 law who adjusts insurance losses from time to time incidental to the
21 practice of his profession [, OR AN ADJUSTER OF MARINE LOSSES,] or a
22 salaried employee of an insurer [OR OF A GENERAL AGENT] is not con-
23 sidered to be an adjuster for the purposes of this chapter.

24 * Sec. 8. AS 21.33.310(4) is amended to read:

25 (4) insurance of aircraft [OWNED OR OPERATED BY MANUFACTURERS
26 OF AIRCRAFT, OR AIRCRAFT] operated in scheduled interstate flight, or
27 cargo of such aircraft, of insurance against liability, other than
28 workmen's compensation and employers' liability, arising out of the
29 ownership, maintenance or use of the aircraft.

1 # Sec. 9. AS 21.36.190(c) is amended to read:

2 (c) This section does not apply to mortgage guaranty insurance,
3 legal expense insurance, life insurance, disability insurance, or
4 annuity contracts.

5 * Sec. 10. This Act takes effect July 1, 1976.
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The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill Identification: 4B 552
 Title: "An Act Relating To Regulation of Insurance"
 Requested by: Office of the Governor Date: December 31, 1975
 Return Date Requested: January 12, 1976
 Agency: Commerce & Economic Devel. Program: Insurance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: none

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No Fiscal Impact

IV. ATTACHMENTS

V. DATE: January 8, 1976 PREPARED BY: Michael J. Blak
 REVIEWED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 582
 Title: "An Act relating to regulation of insurance"
 Requested by: Office of the Governor Date: 12-10-75
 Return Date Requested: 12-18-75
 Agency: Commerce & Econ. Development Program: Division of Insurance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: NONE

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: 12/26/75 PREPARED BY: [Signature]

Reviewed By: [Signature]

JAN 15 1976

AB 582

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to make several changes to the insurance statutes as follows: (1) institute a fee for the amendment of a certificate of authority to engage in the business of insurance; (2) modify the financial requirements for an insurer doing business in Alaska; (3) define "mortgage guaranty insurance" and "legal expense insurance"; (4) define "domestic insurer" for investment purposes; (5) define "insurance adjuster" to include an adjuster of marine insurance; and (6) provide for repeal of the exemption from AS 21.33.310(4) for the insurance of aircraft owned or operated by manufacturers of aircraft.

FEE FOR AMENDMENT OF CERTIFICATE OF AUTHORITY TO DO BUSINESS. At the present time AS 21.09.120(b) permits the director of the Division of Insurance to issue a certificate of authority limited to particular types of insurance coverages within the scope of definition under AS 21.12. The director may also amend this certificate according to the insurer's charter under AS 21.09.130(d).

MODIFICATION OF FINANCIAL REQUIREMENTS FOR AN INSURER. The financial requirements set out in AS 21.09.070 - 21.09.090 for an insurer doing business in Alaska have not kept pace with the levels required in other states. Additionally, inflation has had substantial impact since the last change was made in 1966.

We propose to correct this situation by adopting requirements similar to those in Washington and Idaho, in order to assure a greater level of financial responsibility by all insurance companies doing business in Alaska. The requirements are set out in Sections 2, 3, and 4 of the bill.

MORTGAGE GUARANTY INSURANCE AND LEGAL EXPENSE INSURANCE. At the present time the Alaska statutes define the various types of insurance subject to regulation under the law. Periodically, this attempt to enumerate the various types of insurance falls behind developments in the field. The most recent example of this has been the growth of mortgage guaranty insurance and legal expense insurance. Presently, these types of insurance are treated as miscellaneous casualty insurances under AS 21.12.070(a)(14). Sections 5 and 9 of the bill will clarify their status by separately defining them. This approach has been adopted in many other jurisdictions. The definitions proposed here are similar to those adopted by Wisconsin.

As a practical matter, legal expense insurance can best be written on a pre-paid group basis. Unfortunately, this is presently denied to Alaskans by the fictitious group statute (AS 21.36.190). We propose to amend this statute to permit this type of insurance.

DEFINITION OF "DOMESTIC INSURER" FOR INVESTMENT PURPOSES. AS 21.21 applies to investments by domestic insurers only. It has become increasingly apparent that insurers incorporated in other states, i.e., foreign corporations, can do a sizable portion of their business in Alaska and avoid the strictures of AS 21.21. Therefore, we feel the definition of domestic insurer should be expanded to cover insurers who do more than a specified percentage of their business in Alaska. Section 6 of this bill accomplishes this objective.

DEFINITION OF "INSURANCE ADJUSTER" TO INCLUDE AN ADJUSTER OF MARINE INSURANCE. Over the past few years we have noted an increasing number of complaints involving marine losses in which the State has been unable to be of adequate assistance. AS 21.27.510(a), the definition of "adjuster," provides an exception for adjusters of marine losses. If there is an unreasonable delay in the settlement of a marine loss which is due to action or lack of action on the part of a marine adjuster, we presently have no authority to require his correction of the situation.

This is not as great a problem with admitted carriers as it is with non-admitted or surplus line carriers. Admitted carriers have a much tighter line of communication and will often use their own adjusters or more closely supervise independent adjusters. The non-admitted carriers pose a different problem. There are often several carriers on a single loss and those carriers are usually foreign ones. This makes the use of their own adjusters and supervision of independent adjusters virtually impossible.

We propose removal of this exception through Section 7 of the bill, thereby making marine adjusters subject to testing, licensing and regulation by the Division of Insurance.

REPEAL OF EXEMPTION OF AIRCRAFT OWNED BY MANUFACTURER. AS 21.33.310(4) provides an exemption from the surplus line insurance law (AS 21.33) for the insurance of aircraft owned or operated by manufacturers of aircraft. Research indicates that this section of law was modeled after Washington's. This exemption appears in their law as a concession to the Boeing Corporation.

We have found that several of our large air cargo companies have used this section as a loophole to avoid payment of the premium tax required under AS 21.33.230. These companies lease aircraft from the manufacturer or purchase aircraft on contract with the title of the aircraft retained by the manufacturer until equity of the operator reaches an agreed upon level. The operators furnish their own pilots and insurance but declare themselves exempt from the tax due to the exemption above. However, user-owner aircraft are subject to the tax.

In November 1970, the Division of Insurance conducted an investigation which brought one actual case to light. The annual indicated tax loss to the State of Alaska for that one case was about \$50,000. We feel that this loophole should be closed. Section 8 of the bill deletes this exemption.

Sincerely,

Jay S. Hammond
Governor



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

1/31/90
Date

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HR 203

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Signature] _____
[Signature] _____
[Signature] _____
[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: DO PASS
[Signature] recommends: DO NOT PASS
_____ recommends:
_____ recommends:
_____ recommends:

[Signature] Chairman

* Sec 7.

AS 43.55. 020 (f) is amended to read:

(f) If oil or gas is sold under circumstances where the ^{sale} ~~sale~~ price does not represent the [CASH PRICE] prevailing value for oil or gas of like kind, character or quality in the field or area from which the product is ~~is~~ produced, the department may require the tax to be paid upon the basis of the value [~~the~~ PREVAILING PRICE THEN PAID AT THE TIME OF PRODUCTION OF ~~the~~ THE OIL OR GAS IN THE FIELD FOR] of oil or gas of the same kind, quality and character, prevailing during the calendar months of production for that field or area.

* Sec. 7. AS 43.55.020(f) is amended to read:

(f) If oil or gas is sold under circumstances where the sale price does not represent the [CASH PRICE] prevailing value for oil or gas of like kind, character or quality in the field or area from which the product is produced, the department may require the tax to be paid upon the basis of the value [PREVAILING PRICE THEN PAID AT THE TIME OF PRODUCTION OF THE OIL OR GAS IN THE FIELD FOR] of oil or gas of the same kind, quality and character prevailing during the calendar month of production for that field or area.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 583
 Title: Oil and gas exploration, production and pipeline transportation prop. tax
 Requested by: House Finance Committee Date: 1-21-76
 Return Date Requested: As soon as possible
 Agency: Revenue Program: Petroleum Revenue

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Petroleum Revenue

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

See attached memorandum dated January 12, 1976 from Frederick P. Boetsch, Deputy Commissioner, Taxation to Sterling Gallagher, Commissioner of Revenue.

V. DATE: January 29, 1976 PREPARED BY: Frederick P. Boetsch

Frederick P. Boetsch, Deputy Commissioner
Taxation, Department of Revenue

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsor: Rules Committee by request
of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 583

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas taxes; and providing
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 43.56.010(b) is amended to read:

10 (b) A municipality may levy and collect a tax under AS 29.53.045
11 at the rate of taxation that applies to other property taxed by the
12 municipality. The [A] tax [COLLECTED BY A MUNICIPALITY AS AUTHORIZED
13 BY AS 29.53.045 SHALL BE CREDITED AGAINST THE TAX LEVIED UNDER (a) OF
14 THIS SECTION AND] shall be levied at a rate no higher than the rate
15 applicable to other property taxable by the municipality. No municipi-
16 pality may exempt from taxation property authorized to be taxed under
17 this chapter. Exemptions shall be limited to those in AS 29.53.020 and
18 29.53.025 and sec. 20 of this chapter.

19 * Sec. 2. AS 43.56.010 is amended by adding a new subsection to read:

20 (d) A tax paid to a municipality under AS 29.53.045 on or before
21 June 30 of the tax year shall be credited against the tax levied under
22 (a) of this section for that tax year. If, however, a tax is not paid
23 to a municipality until after June 30 of the taxable year, the depart-
24 ment upon application shall refund to the taxpayer the amount of tax
25 paid to the municipality under AS 29.53.045. The credit or refund of
26 taxes paid to a municipality may not exceed the total amount of tax
27 levied by the department upon the taxpayer for the tax year, under (a)
28 of this section.

29 * Sec. 3. AS 43.56.150(a) is amended to read:

1 (a) The tax levied by sec. 10(a) of this chapter is payable to
2 the department on or before June 30 [SEPTEMBER 30] of the taxable year.

3 * Sec. 4. AS 43.56 is amended by adding a new section to read:

4 Sec. 43.56.135. CERTIFICATION. No later than June 1 of each year,
5 the department shall certify the final assessment roll and mail to the
6 owner of the taxable property or his authorized agent a statement of the
7 amount of tax due.

8 * Sec. 5. AS 43.56.130(h) is repealed.

9 * Sec. 6. AS 43.55 is amended by adding a new section to read:

10 Sec. 43.55.150. DETERMINATION OF GROSS VALUE. (a) For the pur-
11 poses of this chapter, the gross value shall be calculated using the
12 reasonable costs of transportation of the oil or gas. The reasonable
13 costs of transportation shall be the actual costs, except

14 (1) when the parties to the transportation of oil or gas are
15 affiliated;

16 (2) when the contract for the transportation of oil or gas is
17 not an arm's length transaction or is not representative of the market
18 value of that transportation;

19 (3) when the method of transportation of oil or gas is not
20 reasonable in view of existing alternative methods of transportation.

21 (b) If the actual costs of transportation exceed the reasonable
22 costs under (a) of this section, the department shall determine the
23 reasonable costs of transportation of the oil or gas.

24 * Sec. 7. AS 43.55.020(f) is amended to read:

25 (f) If oil or gas is sold under circumstances where the sale
26 price does not represent the [CASH PRICE] prevailing value for oil or
27 gas of like kind, character or quality in the field or area from which
28 the product is produced, the department may require the tax to be paid
29 upon the basis of the value [PREVAILING PRICE THEN PAID AT THE TIME OF

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PRODUCTIVE OF THE OIL OR GAS IN THE FIELD FOR] of oil or gas of the same kind, quality and character prevailing during the calendar month of production for that field or area.

* Sec. 8. This Act is retroactive to January 1, 1976.

* Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-070(c).

HOUSE JOURNAL

CSHB 583
Letter of Intent

House Bill 583, which was introduced by the Rules Committee by request of the Governor, provides that the existing ad valorem tax on pipelines and related equipment shall be collected on June 30 rather than September 30, beginning in 1976. The effect of the bill will be to put revenues which otherwise would have been payable in FY 1977 into FY 1976, thereby relieving a cash flow problem which the State may face in the next three fiscal years.

The bill was amended by the Finance Committee in order to avoid the possibility of certain practices which could adversely affect the State's future revenues.

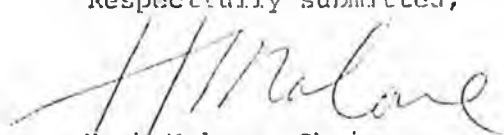
Sec. 6 of the committee substitute for HB 583 adds to Sec. 43.55, which relates to the oil and gas properties production (severance) tax, a section which would allow the Department of Revenue to compute reasonable transportation costs where a taxpayer's actual transportation costs are not the result of a good faith commercial transaction. The gross production tax is based on a percentage of the wellhead value, which is diminished by any increase in transportation costs.

Sec. 7 of the committee substitute revises somewhat the existing language of A.S. 43.55.020(f) in order to allow the Department of Revenue to compute the value of oil or gas produced in the field or area.

The amendments would codify a power which the Department already has, both with respect to A.S. 43.55 and for the purpose of determining the State's royalty share under existing contracts. The purpose of Sec. 6 is to prevent the practice commonly known as "transfer pricing", in which one company charges an affiliated company an amount which is in excess of the market price for transportation, for the purpose of reducing the affiliated company's tax burden. The profit center is merely shifted to the transporting company and state taxation is avoided. Sec. 7 prevents an affiliated purchaser from buying oil or gas at an unrealistically low price, thus allowing the producer to claim a low value for the purposes of taxation.

It should be emphasized that the Committee is of the opinion that the Department already has the powers which are codified in the amendment, and that the words "price" and "value" are not synonymous for the purpose of A.S. 43.55 or for setting state royalties.

Respectfully submitted,



Hugh Malone, Chairman
House Finance Committee

Introduced: 1/15/76
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 583

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas exploration,
7 production and pipeline transportation property
8 taxes; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 43.56.010(b) is amended to read:

11 (b) A municipality may levy and collect a tax under AS 29.53.045
12 at the rate of taxation that applies to other property taxed by the
13 municipality. The [A] tax [COLLECTED BY A MUNICIPALITY AS AUTHORIZED
14 BY AS 29.53.045 SHALL BE CREDITED AGAINST THE TAX LEVIED UNDER (a) OF
15 THIS SECTION AND] shall be levied at a rate no higher than the rate
16 applicable to other property taxable by the municipality. No municipi-
17 pality may exempt from taxation property authorized to be taxed under
18 this chapter. Exemptions shall be limited to those in AS 29.53.020
19 and 29.53.025 and sec. 20 of this chapter.

20 * Sec. 2. AS 43.56.010 is amended by adding a new subsection to read:

21 (d) A tax paid to a municipality under AS 29.53.045 on or before
22 June 30 of the tax year shall be credited against the tax levied under
23 (a) of this section for that tax year. If, however, a tax is not paid
24 to a municipality until after June 30 of the taxable year, the depart-
25 ment upon application shall refund to the taxpayer the amount of tax
26 paid to the municipality under AS 29.53.045. The credit or refund of
27 taxes paid to a municipality may not exceed the total amount of tax
28 levied by the department upon the taxpayer for the tax year, under (a)
29 of this section.

1 * Sec. 3. AS 43.56.150(a) is amended to read:

2 (a) The tax levied by sec. 10(a) of this chapter is payable to
3 the department on or before June 30 [SEPTEMBER 30] of the taxable
4 year.

5 * Sec. 4. AS 43.56 is amended by adding a new section to read:

6 Sec. 43.56.135. CERTIFICATION. No later than June 1 of each
7 year, the department shall certify the final assessment roll and mail
8 to the owner of the taxable property or his authorized agent a state-
9 ment of the amount of tax due.

10 * Sec. 5. AS 43.56.130(h) is repealed.

11 * Sec. 6. This Act is retroactive to January 1, 1976.

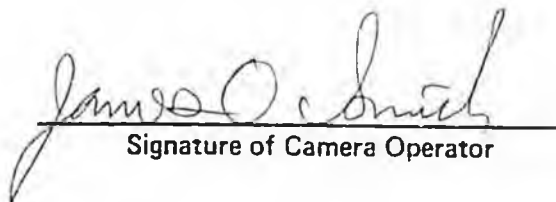
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13 10.070(c).

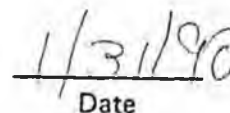


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT

SENATE

Mr. President:

Date 5/18/76

The Committee on Finance has had CS 21 381 ad

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 583
 Title: Oil and gas exploration, production and pipeline transportation prop. tax
 Requested by: House Finance Committee Date: 1-21-76
 Return Date Requested: As soon as possible
 Agency: Revenue Program: Petroleum Revenue

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Petroleum Revenue

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

See attached memorandum dated January 12, 1976 from Frederick P. Boetsch, Deputy Commissioner, Taxation to Sterling Gallagher, Commissioner of Revenue.

V. DATE: January 29, 1976 PREPARED BY: Frederick P. Boetsch

Frederick P. Boetsch, Deputy Commissioner
Taxation, Department of Revenue

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

JAN 15 1976

HB 593

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill which amends the oil and gas exploration, production and pipeline transportation property tax contained in AS 43.56. This bill changes the due date for payment of the oil and gas property tax from September 30 to June 30. It also adds a new section which requires the Department of Revenue to certify the final assessment roll and to notify the owners of the taxable property of the amount due on or before June 1 of each year instead of July 1 (the date presently specified in AS 43.56.130(h) which is being repealed in sec. 5 of the bill) in order that payment may be required by June 30.

This bill is proposed in response to the financial crisis presently confronting the State government which is expected to remain critical during the next few fiscal years. The bill is designed to bring the revenues to be derived from the collection of the tax into the State treasury sooner than the original enactment otherwise provides.

The State's need for money over the next few years may necessitate borrowing in anticipation of its revenues. Under Article IX, Section 10, of the Alaska Constitution, the State "may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year." Therefore, it is important that our large sources of revenue for a particular fiscal year be received before the end of that year. This change in payment dates will parallel the payment date for the State's oil and gas reserves ad valorem tax.

Presently the amount of tax paid to the municipality is credited against the amount of tax due to the State, and the taxpayer only remits the net amount to the State. If the tax payment date is moved up to June 30, a straight credit system will not work in many cases since the municipal tax may not be due and payable until after June 30, the Department will refund the amount of municipal tax paid since a credit would no longer be possible.

The bill is made retroactive to January 1, 1976 so that there can be no question that the new payment date will apply to tax year 1976.

Sincerely,

Jay S. Hammond
Governor

HOUSE JOURNAL

CSHB 583
Letter of Intent

House Bill 583, which was introduced by the Rules Committee by request of the Governor, provides that the existing ad valorem tax on pipelines and related equipment shall be collected on June 30 rather than September 30, beginning in 1976. The effect of the bill will be to put revenues which otherwise would have been payable in FY 1977 into FY 1976, thereby relieving a cash flow problem which the State may face in the next three fiscal years.

The bill was amended by the Finance Committee in order to avoid the possibility of certain practices which could adversely affect the State's future revenues.

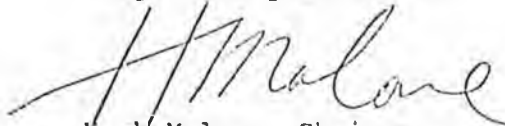
Sec. 6 of the committee substitute for HB 583 adds to Sec. 43.55, which relates to the oil and gas properties production (severance) tax, a section which would allow the Department of Revenue to compute reasonable transportation costs where a taxpayer's actual transportation costs are not the result of a good faith commercial transaction. The gross production tax is based on a percentage of the wellhead value, which is diminished by any increase in transportation costs.

Sec. 7 of the committee substitute revises somewhat the existing language of A.S. 43.55.020(f) in order to allow the Department of Revenue to compute the value of oil or gas produced in the field or area.

The amendments would codify a power which the Department already has, both with respect to A.S. 43.55 and for the purpose of determining the State's royalty share under existing contracts. The purpose of Sec. 6 is to prevent the practice commonly known as "transfer pricing", in which one company charges an affiliated company an amount which is in excess of the market price for transportation, for the purpose of reducing the affiliated company's tax burden. The profit center is merely shifted to the transporting company and state taxation is avoided. Sec. 7 prevents an affiliated purchaser from buying oil or gas at an unrealistically low price, thus allowing the producer to claim a low value for the purposes of taxation.

It should be emphasized that the Committee is of the opinion that the Department already has the powers which are codified in the amendment, and that the words "price" and "value" are not synonymous for the purpose of A.S. 43.55 or for setting state royalties.

Respectfully submitted,


Hugh Malone, Chairman
House Finance Committee

MEMORANDUM

State of Alaska

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE: January 12, 1976

FILE NO:

TELEPHONE NO:

FROM: Frederick P. Boetsch, *F.P.B.*
Deputy Commissioner, Taxation
Department of Revenue

SUBJECT: Governor's Bill Changing
Due Date of Property Tax
Payments to June 30

This bill changes the payment date for the property tax (AS 43.55) on petroleum properties from September 30 of the year following the date of assessment to June 30. The effect of this change in dates will be to move the receipt of money up by one fiscal year. For fiscal year 1976 this means additional revenues of \$70,100,000 and for fiscal year 1977 this means additional revenues of \$58,100,000. In total this will mean an additional \$128,200,000 will be available to the General Fund to meet expenditures during the so-called "crunch" period. This will have a significant positive effect on our ability to balance the budget and get through this critical period.

Because of the credit provision for municipal property taxes paid on the same property, additional language has been inserted which covers some of the timing problems raised by changing the date from September 30 to June 30. In some instances, it will be necessary to refund to taxpayers amounts paid to municipalities after the June 30 payment date required under the bill for state purposes. While this will involve some additional accounting work on the part of the state, this additional work is so minor that it does not result in significant increased costs.

cc: Tom Williams, Director
Petroleum Revenue Division

Introduced: 1/15/76
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 583

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas exploration,
7 production and pipeline transportation property
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 43.56.010(b) is amended to read:

11 (b) A municipality may levy and collect a tax under AS 29.53.045
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29 of this section.

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3 the department on or before June 30 [SEPTEMBER 30] of the taxable
4 year.

5 * Sec. 4. AS 43.56 is amended by adding a new section to read:

6 Sec. 43.56.135. CERTIFICATION. No later than June 1 of each
7 year, the department shall certify the final assessment roll and mail
8 to the owner of the taxable property or his authorized agent a state-
9 ment of the amount of tax due.

10 * Sec. 5. AS 43.56.130(h) is repealed.

11 * Sec. 6. This Act is retroactive to January 1, 1976.

12 * Sec. 7. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

Original sponsor: Rules Committee by request
of the Governor

Offered: 3/11/76
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 583 am

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5 the department shall certify the final assessment roll and mail to the
6 owner of the taxable property or his authorized agent a statement of the
7 amount of tax due.

8 * Sec. 5. AS 43.56.130(h) is repealed.

9 * Sec. 6. AS 43.55 is amended by adding a new section to read:

10 Sec. 43.55.150. DETERMINATION OF GROSS VALUE. (a) For the pur-
11 poses of this chapter, the gross value shall be calculated using the
12 reasonable costs of transportation of the oil or gas. The reasonable
13 costs of transportation shall be the actual costs, except

14 (1) when the parties to the transportation of oil or gas are
15 affiliated;

16 (2) when the contract for the transportation of oil or gas is
17 not an arm's length transaction or is not representative of the market
18 value of that transportation;

19 (3) when the method of transportation of oil or gas is not
20 reasonable in view of existing alternative methods of transportation.

21 (b) If the department finds that the conditions in (a)(1),(2),(3),
22 of this section are present, the department shall determine the reasonable
23 costs of transportation, using the fair market value of like transporta-
24 tion, the fair market value of equally efficient and available alternati-
25 modes of transportation, or other reasonable methods. Transportation
26 costs fixed by tariff rates properly on file with the Alaska Pipeline
27 Commission or other regulatory agency shall be deemed prima facie
28 reasonable.

29 * Sec. 7. AS 43.55.020(f) is amended to read:

1 (f) If oil or gas is sold under circumstances where the sale
2 price does not represent the [CASH PRICE] prevailing value for oil or
3 gas of like kind, character or quality in the field or area from which
4 the product is produced, the department may require the tax to be paid
5 upon the basis of the value [PREVAILING PRICE THEN PAID AT THE TIME OF
6 PRODUCTION OF THE OIL OR GAS IN THE FIELD FOR] of oil or gas of the
7 same kind, quality and character prevailing during the calendar month
8 of production for that field or area.

9 * Sec. 8. This Act is retroactive to January 1, 1970.

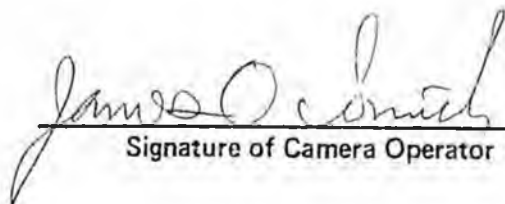
10 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

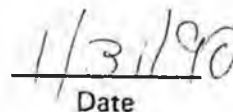


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Signature of Camera Operator


Date

"An Act relating to the effective date of the elected public officers retirement system."

COMMITTEE REPORT

1/16/76

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 585

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

1726
Bennett

Introduced: 1/16/76
Referred: Finance

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IN THE HOUSE

BY MILLER AND BRADNER

HOUSE BILL NO. 585

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the effective date of the elected public officers retirement system."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. Section 16, ch. 205, SLA 1975 is amended to read:

Sec. 16. Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14 and 15 of this Act take effect July 1, 1975.

* Sec. 2. Section 17, ch. 205, SLA 1975 is amended to read:

Sec. 17. Section [SECTIONS] 7 [AND 8] of this Act takes [TAKE] effect January 1, 1976.

"An Act relating to the effective date of the elected public officers retirement system."

COMMITTEE REPORT

1/16/76

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Date _____

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Chairman

1726
Bemis

Introduced: 1/16/76
Referred: Finance

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_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

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_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

1726
Bennet

Introduced: 1/16/76
Referred: Finance

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BY MILLER AND BRADNER

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"An Act relating to the effective date of the elected public officers retirement system."

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Introduced: 1/16/76
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10 Sec. 16. Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14 and
11 15 of this Act take effect July 1, 1975.

12 * Sec. 2. Section 17, ch. 205, SLA 1975 is amended to read:

13 Sec. 17. Section [SECTIONS] 7 [AND 8] of this Act takes [TAKE]
14 effect January 1, 1976.

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"An Act relating to the effective date of the elected public officers retirement system."

COMMITTEE REPORT

1/16/76

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 585

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

1726

Berris

Introduced: 1/16/76
Referred: Finance

1 IN THE HOUSE

BY MILLER AND BRADNER

2 HOUSE BILL NO. 585

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the effective date of the elected
7 public officers retirement system."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 16, ch. 205, SLA 1975 is amended to read:

10 Sec. 16. Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14 and
11 15 of this Act take effect July 1, 1975.

12 * Sec. 2. Section 17, ch. 205, SLA 1975 is amended to read:

13 Sec. 17. Section [SECTIONS] 7 [AND 8] of this Act takes [TAKE]
14 effect January 1, 1976.

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

HOUSE BILL..... NO. 585..

By MILLER and BRADNER.....

"An Act relating to the effective date of the elected public officers retirement system."

Retirement system

Introduced in the House ... 1/16, 1976

HISTORY IN THE HOUSE

1976	Read first time and referred to Committee on												
Jan 16	Finance												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr><td colspan="2">Reconsideration</td></tr> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
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Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
 By Governor
	Filed with Lt. Governor
Chapter No.	



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

1/31/90
Date



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 30, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of Article II, Section 15 of the Alaska Constitution, I have today exercised my item-veto authority in the following bill and am transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 586
(operating and capital expenses
of state government)
(Chapter 279, SLA 1976)

As I have often stated, it is paramount that the growth rate in state government which has been experienced over recent years be brought under control. In January, I made clear that total state expenditures of \$700 million must be adhered to for fiscal year 1977.

The legislature in its budget preparations has handed down a budget which would effectively put state expenditures at approximately \$717 million for fiscal year 1977. Such an increase substantially alters the \$700 million ceiling outlined earlier.

The responsibility of holding down the growth in state budget must be lodged somewhere. I feel it is my responsibility as governor to shoulder that responsibility. Although a difficult and thankless task, it is one that must be accomplished. I would only ask that as each Alaskan considers the budget reductions which I now make, each in turn will rise above regional and political concerns to join in my concern with the future fiscal health of our state.

Since the adjournment of the legislature some three and one half weeks ago, my staff and I have spent considerable time analyzing the various legislative budget items. Unlike the five months afforded the legislature for a review of my administration's budget proposals, we have had a three and one half week period to do our best to put together a rational analysis of the legislative budget.

Generally speaking, the following criteria guided my efforts in examining the fiscal year 1977 budget:

- (1) Does the budget item create a new program or expand an existing program for which there is not sufficient information to assess the anticipated results of the increased appropriation?
- (2) Does the budget item provide a grant for a special service to only a small number of Alaskans without assurances that the group is the one most in need of such services?
- (3) Was the budget item appropriated simply because of the political clout of a single elected representative and not because of any relative merit?
- (4) Is the budget item rightly the responsibility of the state, or should or could the service be provided by a political subdivision or more rightly by a group of private concerned individuals?
- (5) Should state funding of a given program or project be reduced to induce user contribution to the costs of the program from which that user benefits?
- (6) To what extent have the future implications of state involvement in new arenas been analyzed in the light of future costs and what are the life-cycle costs of the numerous small capital items included?

My vetoes in FCCS SCS CSHB 586 can be grouped into the following major categories:

	<u>Total</u>	<u>General Fund</u>
Operating Budget	\$7,734,800	\$7,388,700
New Legislation*	\$6,465,000	\$6,133,300
Capital Items	\$5,379,300	\$5,109,300
Total	\$19,579,100	\$18,631,300

*New legislation includes failed legislation and appropriated fiscal notes.

To further aid in the analysis of my vetoes to the appropriation bill, I have listed below a brief explanation of the reductions in excess of \$100,000.

EDUCATION

Department of Education -- Revenue Sharing reduced by \$550,000,600 to a level that represents 50 per cent funding of the total entitlement for fiscal year 1977. This program was originally conceived upon the assumption that areas which have a high level of state government activity have less taxable property since state structures are not taxable. However, after reviewing the average assessed evaluation of communities receiving support through this program, we find that instead these communities are among the highest in terms of assessed value in the state. Accordingly, as introduced in my budget in January, we are beginning a two year phase out of what has become known as the "Mini 874 Program". This 50 per cent funding is the first year of that two year phase out.

Department of Education - Career and Vocational Education reduced by \$160,000. These funds which are used to provide teachers with vocational educational training, represents a considerable expansion of state effort. I have opted to allow a maintenance level program to continue in fiscal year 1977.

UNIVERSITY OF ALASKA OPERATING BUDGET reduced by \$3,613,600. Following my reduction, the direct state support of Alaska will be \$52,100,000 before allocation of salary increase appropriations made separately and settlement of the 1977 contract with the Community College structures. This amount represents an increase of approximately \$1.8 million over the budget proposed by myself in January. The direct appropriation of state funds for the University of Alaska for fiscal year 1975 was \$26.6 million; for fiscal year 1976 \$36.5 million; and for fiscal year 1977, even following my reduction, \$52.1 million. These comparisons which exclude salary increases for each year indicate a significant increase in the University General Fund budget. By vetoing the \$3,613,600 from the "bottom line" of the University appropriation, I am allowing the Board of Regents the maximum discretion available to allocate the funds to derive what is in their opinion the greatest educational benefit from the appropriation.

EDUCATIONAL BROADCAST COMMISSION REDUCED BY \$348,300.

This reduction will bring the funding level for the Commission to \$1,703,800 compared to an appropriation of \$1,258,900 for fiscal year 1976. This substantial increase, especially when viewed in the context of other funding provided by the 1976 legislature for TV and telecommunications I feel is indeed sufficient. The Alaska Education Broadcast Commission is charged with the allocation of these funds to the best and most beneficial use. I feel the Commission can thus allocate the funds as the various competitors for those funds justify their particular projects. This is most clearly in compliance with the original intent of the legislation which established the Alaska Education Broadcast Commission.

SOCIAL SERVICES

Office of the Governor - Alaska Plan Committee reduced by \$175,000. As outlined in my budget in January, it is felt that the Alaska Plan should rightly be funded not only by the state government but also by the two other entities directly benefiting from activities of the Alaska Plan Committee. My reduction to \$100,000 of state support will require that those two groups contribute a fair share towards operation of the committee. Once this cooperation has been achieved, the Alaska Plan can continue in its valuable efforts toward placing minorities both on the pipeline construction job and other major construction efforts. I feel strongly that this is a case where the state is being called upon to completely fund a program which is not entirely a state responsibility.

From all quarters I hear of the valuable efforts of the Alaska Plan Committee and I concur. Although attempts will be made to construe my veto as non-support of the Alaska Plan, I must insist that the state should be a partner, not sole bearer of the cost.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES - ALCANTRA

The Alcantra Youth Campus operating budget has been reduced by \$525,400 in total funds, of which \$318,900 is provided directly by the State of Alaska. As has been discussed publicly for a number of years, this institution has proven to be extremely expensive in light of other alternatives for care of the young people. In fiscal year 1977, I have allowed a sufficient appropriation to remain to pay the required debt service and to keep the facilities in proper physical condition for other potential users. The young people currently residing in the

Alcantra institution will be covered through contractual programs under the auspices of the Department of Health and Social Services. This coverage will ultimately result in considerable savings to the state while properly caring for the young clients.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS - COMMUNITY SERVICES

Community Services is reduced by \$195,000 representing a reduction of \$175,000 from the funds earmarked for the Alaska Legal Services and \$20,000 of a reduction from a total of \$50,000 for a Third Bush Justice Conference. This reduction will allow \$65,000 to augment federal funds for the maintenance level operations of Alaska Legal Services during fiscal year 1977. I have allowed \$30,000 of state funding to remain for the Third Bush Justice Conference to be held in October in Kodiak.

HEALTH

Department of Health and Social Services - Community Mental Health Centers. This item I have reduced by \$265,700 to a total appropriation of \$1,301,100 which compares to a fiscal year 1976 appropriation of \$630,900. The amount remaining represents an addition of \$267,000 to my original budget as proposed in January. The expansion of this program as allowed for in fiscal year 1977 shows, I feel, a commitment on the part of this administration towards acknowledging the need for improved local mental health care while acknowledging the pressing requirements for fiscal austerity.

ADMINISTRATION OF JUSTICE

Department of Public Safety - Criminal Investigation Bureau. My reduction of \$225,000 in this program is only a partial reduction and will allow a \$350,000 expansion of service in the Department of Public Safety over the level originally included in my budget. This addition I approve in acknowledgement of the tremendous pressures placed upon the state troopers and the Department of Public Safety with the constant side effects of overwhelming economic activity in our state.

DEVELOPMENT

Department of Community and Regional Affairs - Municipal Revenue Sharing. This item I have reduced by \$1,000,000. After my veto today, the funding of this activity will

be at \$60,264,200 approximately \$800,000 more than originally proposed in my January budget and about 1.1 million more than authorized in fiscal year 1976. The budget in Municipal Revenue Sharing which I now approve must be viewed in context with the considerable additional funding provided communities through the state support of education, which my administration has initiated and strongly endorsed.

MUNICIPAL BOND BANK AUTHORITY

This \$500,000 item I have deleted since the most recent advice of my financial advisors indicates that the additional funding for the reserve will not in fact be required.

GENERAL GOVERNMENT

Office of the Governor - Alaska Energy Office. This program was reduced by \$105,000. In my budget, I proposed that a \$250,000 be allocated to three pilot projects to test the viability of the use of wind power in the generation of electrical energy in rural Alaska. After careful consideration, I am convinced that expenditure of the funds as originally proposed by the Energy Office would provide the best set of projects for the purpose of feasibility testing. While the addition of new locations may be desirable, it would tend to blur the purpose of the pilot project which is most importantly designed to determine feasibility. Accordingly, three projects, Nelson Lagoon, Cold Bay, and Kotzebue will proceed as planned for fiscal year 1977.

CAPITAL BUDGET

EDUCATION

University of Alaska - TV system - Kuskokwim Community College. This item I have reduced by \$182,000. Following my reduction, there will remain \$40,000 in the general fund budget for expansion of this program, plus an additional \$40,000 which is included in the University of Alaska Bond Bill for the renovation of the media facility.

University of Alaska Campus Consortium Library Media Center. This item I have reduced by \$200,000, allowing a \$50,000 amount to remain for the purchase of additional media materials for the Center. This will allow for moderate expansion of the Media Center during fiscal year 1977.

University of Alaska, Dillingham Extension Center. I have reduced the Dillingham Extension Center by \$750,000. This reduction deletes this particular project. It is my intention to review the Dillingham project prior to next session in a competing situation with the \$9.5 million in projects vetoed from the University of Alaska Bond Bill appropriations as well as other projects for the University of Alaska. I felt reluctant to allow this particular extension center to be directly funded without adequate information to compare the future program and fiscal impacts of the project against that of other possible University projects.

University of Alaska, Anchorage campus - Removal of Architectural Barriers. I have reduced the Architectural Barriers project by \$100,000. Following my reduction, \$150,000 in funding remains which can be immediately utilized during this summer for the removal of architectural barriers for the disabled thus allowing easy access to the University of Alaska structures in Anchorage. Further funding of this project, as well as others mentioned, can be proposed for consideration of bond funding to be determined by the next legislature for items I have reduced in the U. of A. bond bill before the voters in November.

HEALTH

Department of Health and Social Services - Health Centers. In the area of health centers, I have made the following vetoes:

Unalaska Health Center deleted \$50,000

Mountain Village Health Center grant deleted
\$100,000

Fort Yukon Health Center reduced by \$75,000 to a total of \$125,000

The decision to reduce these health center grants was a very difficult one. It is my feeling that compared to other health priorities of the state, and considering that these communities already have health facilities which compare favorably to other communities of the state, I made the difficult decision to reduce these funding items from the budget. In the case of the Fort Yukon project the fund will complement an appropriation of a previous legislature to construct the project.

NATURAL RESOURCE MANAGEMENT AND ENVIRONMENTAL CONSERVA-TION

Department of Fish and Game - Various Rifle Ranges

Rabbit Creek Rifle Range deleted \$200,000

Cushman Street Rifle Range, Fairbanks, deleted \$55,000

Montana Creek Trap Range deleted \$100,000

Sitka Rifle Range deleted \$25,000

Petersburg Rifle Range deleted \$25,000

These reductions delete these projects which, in my opinion, enter the state into a new and potentially large arena of state funding. While, when viewed in isolation, these programs are certainly desirable, it is felt that the projects could best be performed by interested private groups or funded at the local level. This effort I feel should not begin to rely on state support. Accord- ingly, rather than play favorites and include some pro- jects while deleting others, I have felt it imperative that an across-the-board reduction be made.

TRANSPORTATION

Department of Highways - Various Road Projects

The vetoes that I have made in this area are based upon the belief that the legislature has in this instance appropriated state funds for streets and roads that are now the responsibility of local government. The State of Alaska does have a Local Service Roads and Trails program which provides state bond funds on a formula basis to be meted out by local prioritization by political subdivisions for expenditure on locally controlled and maintained roads. If the roads chosen by the individual legislators for state funding within their various districts are a priority to the citizens in the political subdivision, they can be upgraded or constructed through either local funding or through the state funded Local Service Roads and Trails grant program arranged by the priorities of the local government. My bond package presented to the legislature in January and the final bill which passed the legislature contained \$7.5 million for this very purpose. The reductions are itemized as follows:

TRANSPORTATION - CAPITAL

<u>DEPARTMENT OF HIGHWAYS</u>	<u>DELETED OR REDUCED</u>
Anton Larson Bay Road Extension Kodiak	\$(200.0)
Light Rail Corridor Study Anchorage	(60.0)
Study is not eligible for federal funds and the remaining \$15.0 would be insufficient to conduct study	
Eagle River Canyon Roads Renovation Anchorage	\$(150.0)
Beach Access Road Naknek	\$ (60.0)
Coronado Road Anchorage, Eagle River	\$ (30.0)
Turnagain Boulevard Anchorage	\$(303.0)
Bradly Road Talkeetna	\$ (20.0)
Thane Road Juneau	\$(100.0)
State Highway, however \$200,000 will be sufficient to provide restructuring.	
Road and Bridge Work Shkageluk	\$(150.0)
Road Project Phase II Kotzebue	\$(250.0)
Water Front Road Unalakleet	\$(100.0)
Northwood Drive Improvements Anchorage	\$(240.0)

Chugach Way Anchorage	\$ (155.0)
Old Seward Highway Anchorage Borough	\$ (260.0)
On state highway system but most critical portion will be done from Highways Maintenance budget.	
Hoonah Local Service Road	\$ (50.0)
Angoon Local Service Road	\$ (50.0)
Hutler Road, Slaughter House Access Homer	\$ (40.0)
McClay Road Improvements Homer	\$ (40.0)

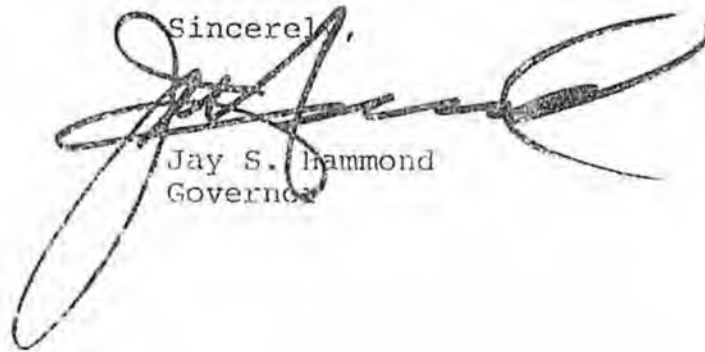
GENERAL GOVERNMENT

Department of Public Works - Brown's Court School. This is reduced by \$200,000. Although not providing sufficient funding to build a completely new facility, the intention of my reduction is to allow \$25,000 to remain to alleviate the current water and sewer problems of the school and yet allow some funds for major maintenance of the existing facility.

NEW LEGISLATION

The major new legislation appropriation, which has passed the legislature and for which I am not providing full funding, primarily concerns the passage of Senate Bill 690 -- the Regional Resource Centers. The bill does not require additional state expenditures. However, the legislature provided an additional \$200,000 of which I have vetoed \$160,000. Following my reduction, there will remain \$440,000 in state support for Regional Resource Centers.

Sincerely,

A large, stylized handwritten signature in dark ink, appearing to read 'Jay S. Hammond', is written over the typed name and title.

Jay S. Hammond
Governor

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/5/76

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 586

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating for the operating and capital
7 expenses of the state government; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$647,836,600 is appropriated from the general
11 fund and from the unreserved special accounts in the general fund for the
12 period specified, to be apportioned according to the schedules in secs. 16
13 and 17 of this Act.

	<u>Operating</u>	<u>Capital</u>
15 General Fund	\$602,359,500	\$ 13,314,300
16 Highway Fuel Tax Account	26,456,100	
17 Aviation Fuel Tax Account	4,363,100	
18 Watercraft Fuel Tax Account	<u> </u>	<u>1,343,600</u>
19	\$633,178,700	\$ 14,657,900

20 * Sec. 2. The sum of \$895,600 is appropriated from special fund reserve
21 accounts in the general fund for the period specified, to be apportioned
22 according to the schedules in sec. 16 of this Act.

	<u>Operating</u>
24 FICA Administration Fund Reserve Account	\$ 55,500
25 Special Surplus Property Revolving Fund	
26 Reserve Account	202,300
27 Second Injury Fund Reserve Account	316,700
28 Sick and Disabled Fishermen's Fund	
29 Reserve Account	276,400

1 Donated Commodities Handling Fee

2 Reserve Account 44,700

3 \$ 895,600

4 * Sec. 3. The sum of \$50,391,800 is appropriated from special funds of
5 the state for the period specified, to be apportioned according to the
6 schedules in secs. 16 and 17 of this Act.

	<u>Operating</u>	<u>Capital</u>
8 Public Employees' Retirement Fund	\$ 518,100	
9 Teachers' Retirement System Fund	510,600	
10 Veterans' Revolving Loan Fund	1,350,200	
11 Agricultural Revolving Loan Fund	112,900	
12 Fish and Game Fund	3,329,600	
13 International Airport Revenue Fund	14,955,800	\$ 4,017,700
14 School Fund (cigarette tax)	2,900,000	
15 Highway Working Capital Fund	10,350,400	8,510,000
16 Federal Revenue Sharing Fund	3,586,500	
17 Training and Building Fund	<u>250,000</u>	
18	\$ 37,864,100	\$ 12,527,700

19 * Sec. 4. The sum of \$549,716,800 is appropriated from federal program
20 receipts estimated to be received for general fund, special fund and bond
21 construction fund programs during the period specified, to be apportioned
22 according to the schedules in secs. 16 and 17 of this Act.

	<u>Operating</u>	<u>Capital</u>
24	\$115,228,300	\$434,488,500

25 * Sec. 5. The sum of \$50,856,000 is appropriated from other program
26 receipts estimated to be received for general fund, special fund and bond
27 construction fund programs during the period specified, to be apportioned
28 according to the schedules in secs. 16 and 17 of this Act.

	<u>Operating</u>	<u>Capital</u>
--	------------------	----------------

1 appropriation from state funds for the affected program may be reduced by the
2 amount of the excess if the reductions are not inconsistent with applicable
3 federal statutes.

4 * Sec. 14. If additional revenue is generated by a working capital fund
5 during the fiscal period covered by this Act, it is automatically appropri-
6 ated subject to the approval of the governor.

7 * Sec. 15. If any revenue is received from insurance recoveries during
8 the fiscal period covered by this Act, it is automatically appropriated for
9 repair or replacement of the damaged facility subject to the approval of the
10 governor.

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26 TABLES FOLLOW BEGINNING ON PAGE 5
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1 = SEC. 16. UNLESS OTHERWISE NOTED THE FOLLOWING ALLOCATIONS AND APPROPRIATION ITEMS ARE FOR OPERATING EXPENDITURES FOR THE
 2 FISCAL YEAR BEGINNING JULY 1, 1976 AND ENDING JUNE 30, 1977.

3		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS
5	***** EDUCATION *****				
6	OFFICE OF THE GOVERNOR				
7	ALASKA HISTORICAL COMMISSION		121,800	111,800	10,000
8	BICENTENNIAL COMMISSION		49,600	37,100	12,500
9	ALASKA ARTS COUNCIL		1,089,200	494,200	595,000
10	ADMINISTRATION & SUPPORT	213,300			
11	GRANTS	875,900			
12	DEPARTMENT OF ADMINISTRATION				
13	REGULAR TEACHER RETIREMENT SYSTEM/STATE		10,877,100	10,877,100	
14	DEPARTMENT OF EDUCATION				
15	FINANCIAL SUPPORT PROGRAMS			173,607,200	43,270,500
16	FOUNDATION PROGRAM-REGULAR		121,500,000		
17	PUPIL TRANSPORTATION-PUBLIC		11,205,600		
18	PUPIL TRANSPORTATION-PRIVATE		120,000		
19	REVENUE SHARING		2,420,000		
20	DEBT RETIREMENT-LOCAL		9,051,600		
21	SABRATICAL LEAVE		40,000		
22	FEDERAL PROGRAMS		14,485,500		
23	CUT OF DISTRICT STUDENTS		1,300,000		
24	TOBACCO TAX DISTRIBUTION		2,400,000		
25	RURAL & MILITARY TUITION		7,321,600		
26	SUPPLEMENTAL SUPPORT		10,000		
27	LOCAL FORMULA-SOS		5,143,700		
28	SOS ASHA PAYMENTS		313,100		
29	FOUNDATION PROGRAM-ADUSD		40,422,500		
30	BILINGUAL FUND		583,500		
31	REGIONAL RESOURCE CENTERS		400,000		
32	COMMUNITY SCHOOL GRANTS		160,600		
33	ADMINISTRATION & SUPPORT		1,626,600	1,503,400	123,200
34	FIELD SERVICES	369,700			
35	FINANCE & ACCOUNTING	316,900			
36	INTERNAL SUPPORT	281,000			
37	DEPARTMENT OPERATIONS	654,000			
38	EDUCATION PROGRAM SUPPORT		2,115,000	1,665,500	1,049,500
39	LEARNER ASSISTANCE	677,100			

1 EDUCATION (CONT.)			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	FEDERAL PROGRAMS ADMINISTRATION	819,800			
5	CAREER & VOCATIONAL EDUCATION	598,100			
6	PROF TCHNG PRAC COMM		72,000		72,000
7	EXECUTIVE ADMINISTRATION		1,046,800	620,900	425,900
8	OFFICE OF COMMISSIONER	958,700			
9	BOARDS & COMMISSIONS	88,100			
10	SDS TRANSITION		146,200	119,300	26,900
11	TRANSITION ADMINISTRATION-SDS	40,200			
12	SCHOOL BOARD TRAINING-ELECTIONS	100,000			
13	BOARDING HOME PROGRAM		2,788,800	2,788,800	
14	CORRESPONDENCE STUDY		686,700		686,700
15	ARITC		620,900	20,600	600,300
16	STUDENT FINANCIAL AID		4,947,200	4,398,100	549,100
17	SCHOLARSHIP LOAN PROGRAM	4,100,000			
18	ADMINISTRATION	247,200			
19	TUITION GRANTS	600,000			
20	POST-SECONDARY EDUCATION COMMISSION		275,500	157,500	118,000
21	WICHE		591,500	591,500	
22	MANPOWER & ADULT EDUCATION		1,142,500	904,500	238,000
23	ADULT BASIC EDUCATION	697,000			
24	FIRE SERVICE TRAINING	147,500			
25	ADULT VOCATIONAL EDUCATION	48,000			
26	EDUCATIONAL BROADCASTING COMMISSION		1,503,800	1,503,800	
27	JUNEAU MUSEUM		408,200	408,200	
28	STATE LIBRARY		1,772,400	1,402,300	370,100
29	REGULAR OPERATIONS	1,382,100			
30	ANCHORAGE MEDIA CENTER	390,300			
31	ARCHIVES				
32	DEPARTMENT OF HEALTH & SOCIAL SERVICES				
33	SPECIAL EDUCATION GRANTS		62,800	62,800	
34	AMU NURSING PROGRAM		299,400	299,400	
35	STATE BOND COMMITTEE				
36	UNIVERSITY OF ALASKA		9,107,800	9,107,800	
37	GENERAL EDUCATION		7,627,600	7,127,600	500,000
38	LIBRARIES		490,400	490,400	
39	CATEGORY FUND SOURCES				

1 EDUCATION (CONT.)			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	FEDERAL RECEIPTS		17,539,200		
5	GENERAL FUND		217,099,800		
6	INTERAGENCY RECEIPTS		524,000		
7	PROGRAM RECEIPTS		630,700		
8	SCHOOL FUND (CIGARETTE TAX)		2,900,000		
9	DONATED COMMODITY FEE ACCOUNT		44,700		
10	PUBLIC LAW 91-874/GENERAL FUND		26,460,000		
11	STUDENT REVOLVING LOAN FUND		-----242,100		
12	TOTAL FUNDING -- EDUCATION		266,347,500		
13		* * * * * UNIVERSITY OF ALASKA * * * * *			
14	UNIVERSITY OF ALASKA				
15	STATEWIDE ADMINISTRATION		5,600,000	4,320,500	1,279,500
16	REGENTS & ADMINISTRATION	556,000			
17	ADMINISTRATION/INSTITUTIONAL SUPPORT	1,982,100			
18	GENERAL SALARY INCREASE				
19	MANAGEMENT SYSTEMS DEVELOPMENT	300,000			
20	AUXILIARY SERVICES/COMPUTER CENTER	1,163,000			
21	COMMUNITY COLLEGE SALARIES	1,598,300			
22	REGENTS CONTINGENCY				
23	NEW PHYSICAL PLANT COSTS				
24	ORGANIZED RESEARCH		27,349,300	5,785,800	21,563,500
25	GEOPHYSICAL INSTITUTE	6,387,800			
26	INSTITUTE OF MARINE SCIENCE	4,743,300			
27	INSTITUTE OF WATER RESOURCES	638,700			
28	INSTITUTE OF AGRICULTURAL SCIENCES	2,712,000			
29	INSTITUTE OF ARCTIC BIOLOGY	1,624,000			
30	SOCIAL, ECONOMIC & GOVERNMENTAL RESEARCH	1,313,500			
31	CENTER FOR NORTHERN EDUCATIONAL RESEARCH	664,400			
32	SEA GRANT PROGRAM	992,600			
33	ARCTIC ENVIRONMENTAL INFORMATION DATA CENTER	1,632,600			
34	TUNDRA BIOME CENTER	539,400			
35	LOOP WILDLIFE RESEARCH UNIT	263,400			
36	MINERAL INDUSTRIES RESEARCH LAB	227,000			
37	FOREST SOILS LAB	306,700			
38	WAMI	877,900			
39	ALASKA NATIVE LANGUAGE CENTER	333,600			

UNIVERSITY OF ALASKA (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS
1	UNIVERSITY OF ALASKA (CONT.)				
2					
3					
4	GENERAL MISCELLANEOUS RESEARCH	760,100			
5	NAVAL ARCTIC RESEARCH LAB	1,325,700			
6	FBX CAMPUS		28,920,200	19,041,300	9,878,900
7	INSTRUCTION	7,371,100			
8	TANANA VALLEY CC/INSTRUCTION	437,000			
9	TANANA VALLEY CC/ADMINISTRATION	442,300			
10	ACADEMIC SUPPORT SERVICES/LIBRARY & MEDIA	1,512,500			
11	ACADEMIC SUPPORT SERVICES/MUSEUM	341,000			
12	ACADEMIC SUPPORT SERVICES/PUBLIC BROADCASTING	721,100			
13	STUDENT SUPPORT SERVICES/STUDENT SERVICES	927,300			
14	STUDENT SUPPORT/INTERCOLLEGIATE ATHLETICS	235,500			
15	STUDENT SUPPORT SERVICES/STUDENT AID	424,100			
16	INSTITUTIONAL SUPPORT/CHANCELLOR'S OFFICE	296,500			
17	INSTITUTIONAL SUPPORT/ADMINISTRATIVE SERVICES	1,094,300			
18	INSTITUTIONAL SUPPORT/SAFETY & SECURITY	526,000			
19	INSTITUTIONAL SUPPORT/PHYSICAL PLANT	6,210,400			
20	INSTITUTIONAL SUPPORT/ADMISSION & REGISTRATION	377,900			
21	INSTITUTIONAL SUPPORT/DEBT SERVICE	783,700			
22	AUXILIARY SERVICES/HOUSING SYSTEM	2,847,500			
23	AUXILIARY SERVICES/YAK ESTATES	399,400			
24	AUXILIARY SERVICES/BOOKSTORE	748,100			
25	AUXILIARY SERVICES/STUDENT CENTER	315,900			
26	AUXILIARY SERVICES/GRAPHIC SERVICES	330,000			
27	AUXILIARY SERVICES/WAREHOUSE SERVICES	400,000			
28	AUXILIARY SERVICES/INFIRMARY DISPENSARY				
29	ARTTC				
30	STATEWIDE COOPERATIVE EXTENSION	1,614,000			
31	SOUTHEASTERN REGION		4,504,800	3,509,300	995,500
32	SE SENIOR COLLEGE	718,200			
33	JUNEAU-DOUGLAS COMMUNITY COLLEGE	1,086,600			
34	LIBRARY & MEDIA	162,000			
35	STUDENT SUPPORT SERVICES	298,000			
36	INSTITUTIONAL SUPPORT/CHANCELLOR'S OFFICE	124,700			
37	INSTITUTIONAL SUPPORT/ADMINISTRATIVE SERVICES	220,800			
38	INSTITUTIONAL SUPPORT/PHYSICAL PLANT	262,800			
39	INSTITUTIONAL SUPPORT/COMMUNITY CENTERS	448,300			

UNIVERSITY OF ALASKA (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS
4	KETCHIKAN CC/INSTRUCTION	354,000			
5	KETCHIKAN CC/LIBRARY	61,700			
6	KETCHIKAN CC/ADMINISTRATION	79,400			
7	KETCHIKAN CC/PHYSICAL PLANT	79,800			
8	KETCHIKAN CC/COMMUNITY SERVICES	29,000			
9	SITKA CC/INSTRUCTION	275,000			
10	SITKA CC/LIBRARY	22,400			
11	SITKA CC/ADMN	74,300			
12	SITKA CC/PHYSICAL PLANT	43,300			
13	SITKA CC/SJ CONSORTIUM	50,000			
14	SE AUXILIARY SERVICES/RENTAL PROPERTY	27,900			
15	SE AUXILIARY SERVICES/SE BOOKSTORES	73,800			
16	SE AUXILIARY SERVICES/JDCC VOCATIONAL SUPPLIES	3,000			
17	SOUTHERN REGION		20,068,300	13,059,800	7,008,500
18	ANCHORAGE SENIOR COLLEGE/INSTRUCTION	2,363,200			
19	ANCHORAGE SENIOR COLLEGE/ADMINISTRATION	145,700			
20	ANCHORAGE SENIOR COLLEGE/SELF SUPPORT	78,500			
21	ANCHORAGE COMMUNITY COLLEGE	4,073,900			
22	ACADEMIC SUPPORT SERVICES/LIBRARY & MEDIA	904,200			
23	ACADEMIC SUPPORT SERVICES/CRIMINAL JUSTICE	378,400			
24	ACADEMIC SUPPORT SERVICES/ALCOHOL & ADDICTION	167,300			
25	ACADEMIC SUPPORT SERVICES/PERFORMING ARTS	188,100			
26	STUDENT SUPPORT SERVICES/STUDENT AFFAIRS	269,200			
27	STUDENT SUPPORT SERVICES/COUNSELING & TESTING	300,600			
28	STUDENT SUPPORT/INTERCOLLEGIATE ATHLETICS	104,900			
29	STUDENT SUPPORT SERVICES/STUDENT FINANCIAL AID	1,750,100			
30	INSTITUTIONAL SUPPORT/CHANCELLOR'S OFFICE	332,400			
31	INSTITUTIONAL SUPPORT/ADMINISTRATIVE SERVICES	583,700			
32	INSTITUTIONAL SUPPORT/PHYSICAL PLANT	1,472,900			
33	INSTITUTIONAL SUPPORT/SAFETY & SECURITY	83,100			
34	INSTITUTIONAL SUPPORT/COMPUTER SERVICES	354,100			
35	INSTITUTIONAL SUPPORT/ADMISSIONS & RECORDS	539,000			
36	MAT-SU CC/INSTRUCTION	359,300			
37	MAT-SU CC/LIBRARY	40,500			
38	MAT-SU CC/ADMINISTRATION	107,500			
39	MAT-SU CC/PHYSICAL PLANT	79,000			

UNIVERSITY OF ALASKA (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
4	AUXILIARY SERVICES/ANCHORAGE BOOKSTORE	779,200			
5	AUXILIARY SERVICES/ANCHORAGE FOOD SERVICE	508,000			
6	AUXILIARY SERVICES/ANCHORAGE STUDENT CENTER	20,000			
7	AUXILIARY SERVICES/MAT-SU BOOKSTORE	6,500			
8	RURAL EDUCATION		5,706,700	4,712,000	994,700
9	KODIAK CC INSTRUCTION	555,500			
10	KODIAK CC LIBRARY	61,100			
11	KODIAK CC ADMINISTRATION	119,400			
12	KODIAK CC PHYSICAL PLANT	117,700			
13	KENAI CC INSTRUCTION	529,500			
14	KENAI CC LIBRARY	51,200			
15	KENAI CC ADMINISTRATION	164,000			
16	KENAI CC PHYSICAL PLANT	68,100			
17	KUSKOKWIM CC INSTRUCTION	1,561,700			
18	KUSKOKWIM CC LIBRARY	105,400			
19	KUSKOKWIM CC ADMINISTRATION	163,100			
20	KUSKOKWIM CC PHYSICAL PLANT	64,100			
21	NW CC INSTRUCTION	230,100			
22	NW CC LIBRARY	10,000			
23	NW CC ADMINISTRATION	105,500			
24	NW CC PHYSICAL PLANT	64,000			
25	OUTREACH CENTRAL SUPPORT	75,000			
26	OUTREACH EXTENSION CENTERS	373,800			
27	OUTREACH RURAL AREA CENTERS	750,000			
28	ASTTC				
29	RURAL AUXILIARY SERVICES/KODIAK BOOKSTORE	5,000			
30	RURAL AUXILIARY SERVICES/KENAI BOOKSTORE	1,000			
31	RURAL AUXILIARY SERVICES/KUSKOKWIM BOOKSTORE	7,000			
32	CATEGORY FUND SOURCES				
33	FEDERAL RECEIPTS		499,300		
34	GENERAL FUND		50,428,700		
35	PROGRAM RECEIPTS		9,347,000		
36	STUDENT FEES-U OF A		7,584,100		
37	OVERHEAD-U OF A		2,919,700		
38	RESTRICTED RECEIPTS-U OF A		22,120,500		
39	TOTAL FUNDING -- UNIVERSITY OF ALASKA		92,149,300		

UNIVERSITY OF ALASKA (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
* * * * * SOCIAL SERVICES * * * * *					
5	OFFICE OF THE GOVERNOR				
6	BOARD OF CHILD ADVOCACY		95,400	95,400	
7	PIONEERS HOME ADVISORY BOARD		11,900	11,900	
8	ALASKA PLAN COMMITTEE		100,000	100,000	
9	CETA		8,549,500	45,900	8,553,600
10	TITLE I	2,050,700			
11	SUMMER EMPLOYMENT OF YOUTH	1,254,500			
12	TITLE II	1,272,300			
13	ELDER AMERICANS	64,200			
14	TRANSPORTATION & RECREATION	32,000			
15	TITLE VI	2,812,000			
16	GVERNORS GRANT	202,700			
17	ADMINISTRATION	905,200			
18	DEPARTMENT OF ADMINISTRATION				
19	LONGEVITY BONUS		6,617,300	3,030,800	3,586,500
20	PIONEERS HOMES		6,852,500	6,652,500	
21	SITKA HOME	1,953,300			
22	FAIRBANKS HOME	1,991,400			
23	PALMER HOME	1,609,500			
24	KOTZEBUE HOME	645,400			
25	ARCHERBAGE HOME	579,600			
26	CENTRAL OFFICE	57,300			
27	DEPARTMENT OF EDUCATION				
28	VOCATIONAL REHABILITATION		3,907,000	1,179,700	2,727,300
29	COUNSELING & PLACEMENT	1,491,000			
30	SERVICES TO CLIENTS	1,522,200			
31	ADMINISTRATION	460,500			
32	SPECIALIZED FACILITIES	54,700			
33	DISABILITY DETERMINATION	357,300			
34	EMPLOYMENT OF THE HANDICAPPED	20,300			
35	YOUTH EMPLOYMENT SERVICE		150,200	150,200	
36	DALZGETA		919,600	70,000	849,600
37	ADMINISTRATION	204,700			
38	GRANTS	654,900			
39	SKILL CENTER		2,060,800	832,000	1,228,800

1	SOCIAL SERVICES (CONT.)		APPROPRIATION	APPROPRIATION	FUND SOURCES
2			ITEMS	GENERAL FUND	OTHER FUNDS
3		ALLOCATIONS			
4	DEPARTMENT OF HEALTH & SOCIAL SERVICES				
5	ASSISTANCE PAYMENTS		17,477,600	10,744,100	6,693,500
6	AFDC	13,250,000			
7	OLD AGE ASSISTANCE	1,897,500			
8	AID TO THE BLIND	87,900			
9	AID TO THE DISABLED	1,872,200			
10	GENERAL RELIEF	330,000			
11	PROGRAM SERVICES		5,305,300	3,227,300	2,078,000
12	HOMEMAKER SERVICES	564,700			
13	FOSTER CARE	1,527,900			
14	INSTITUTIONAL CARE	2,168,000			
15	DAY CARE	730,000			
16	ADOPTIONS	39,700			
17	PROTECTIVE SERVICES	257,300			
18	OTHER SERVICES	17,700			
19	ALCANTRA		763,200	556,700	206,500
20	OPERATIONS	630,400			
21	DEBT SERVICE	132,800			
22	SOCIAL WORK		3,762,400	1,546,300	2,116,100
23	ELIGIBILITY		2,682,500	1,568,300	1,114,200
24	ELIGIBILITY DETERMINATION	2,486,900			
25	STAFF DEVELOPMENT	195,600			
26	SOCIAL SERVICES ADMINISTRATION		2,103,400	561,500	1,541,900
27	CENTRAL OFFICE	405,200			
28	FIELD SERVICES SUPPORT	930,400			
29	STAFF DEVELOPMENT	767,800			
30	WIN		992,200	99,200	893,000
31	OFFICE OF AGING		1,639,800	151,000	1,488,800
32	ALCOHOLISM			2,133,700	541,900
33	ADMINISTRATION		510,200		
34	ALCOHOLISM GRANTS		2,565,400		
35	DRUG ABUSE			747,000	181,100
36	ADMINISTRATION		238,100		
37	DRUG ABUSE GRANTS		690,000		
38	ADMINISTRATION (DHSS)		2,011,100	1,884,500	126,600
39	OFFICE OF THE COMMISSIONER	394,500			

SOCIAL SERVICES (CONT.)			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	DIRECTOR/REGIONAL OFFICES	244,200			
5	PERSONNEL	272,400			
6	SUPPLY	265,300			
7	FINANCIAL MANAGEMENT	775,900			
8	GRAPHIC ARTS/LIBRARY	58,800			
9	CC/COLLECTION AGENCY		642,100	354,100	288,000
10	DEPARTMENT OF LABOR				
11	FISHERMANS FUND		276,400		276,400
12	SECOND INJURY FUND		316,700		316,700
13	EMPLOYMENT SECURITY		14,589,200		14,589,200
14	UNEMPLOYMENT INSURANCE	5,576,400			
15	ADMINISTRATION (ES)	2,559,200			
16	EMPLOYMENT SERVICES	6,453,600			
17	WIA		1,105,100	110,500	994,600
18	COMMUNITY SERVICE		50,000	50,000	
19	GRANTS		1,964,400		1,964,400
20	JOB CORPS	330,600			
21	NAB JOBS	68,500			
22	LABOR MARKET INFORMATION	361,200			
23	CETA CONTRACTS	1,204,100			
24	OFFICE OF THE COMMISSIONER		496,500	496,500	
25	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT				
26	VETERANS SERVICE COUNCIL		57,300	57,300	
27	DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS				
28	SENIOR CITIZENS TAX EXEMPTION		1,300,000	1,300,000	
29	WORK EXPERIENCE		2,693,200	7,000	2,686,200
30	COMMUNITY SERVICES		960,000	331,000	629,000
31	DAY CARE/HEAD START		1,632,000	1,632,000	
32	STATE BOND COMMITTEE				
33	DEBT SERVICE		900,700	900,700	
34	CATEGORY FUND SOURCES				
35	FEDERAL RECEIPTS		39,142,400		
36	GENERAL FUND		40,928,600		
37	INTERAGENCY RECEIPTS		7,499,200		
38	PROGRAM RECEIPTS		1,123,000		
39	SECOND INJURY FUND		316,700		

SOCIAL SERVICES (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	
				GENERAL FUND	OTHER FUNDS
4	DISABLED FISHERMENS RESERVE ACCOUNT		276,400		
5	FEDERAL REVENUE SHARING FUND		3,586,500		
6	TITLE 20		3,876,200		
7	TRAINING AND BUILDING FUND		250,000		
8	TOTAL FUNDING -- SOCIAL SERVICES		96,999,000		
9	* * * * * HEALTH * * * * *				
10	DEPARTMENT OF HEALTH & SOCIAL SERVICES				
11	NURSING		3,876,200	3,064,800	811,400
12	FIELD NURSING	3,049,300			
13	HOME HEALTH SERVICE	32,900			
14	ADMINISTRATION	634,400			
15	EARLY SCREENING	159,000			
16	COMMUNICABLE DISEASE CONTROL		1,149,500	887,400	262,100
17	TUBERCULOSIS CONTROL	654,800			
18	VENEREAL DISEASE CONTROL	266,200			
19	IMMUNIZATION	60,300			
20	EPIDEMIOLOGY	168,200			
21	ENVIRONMENTAL HEALTH		1,138,000	1,025,200	113,600
22	GENERAL SANITATION	1,024,400			
23	SEAFOOD SANITATION	114,400			
24	CHILD & FAMILY HEALTH		2,279,600	1,588,000	691,600
25	FAMILY PLANNING	218,000			
26	MATERNAL & CHILD HEALTH	219,700			
27	WIPPLED CHILDREN	1,075,500			
28	COMMUNICATIVE DISORDERS	359,100			
29	CHILD STUDY CENTER	207,800			
30	ADMINISTRATION	96,300			
31	NUTRITION	103,400			
32	LABORATORIES		1,205,000	1,130,000	75,000
33	REGIONAL LABORATORIES	1,125,800			
34	ADMINISTRATION	79,200			
35	HEALTH INFORMATION		148,000	148,000	
36	REGISTRY OF HUMAN IMPAIRMENTS		61,500	61,500	
37	CERTIFICATION & LICENSING		275,200	41,300	233,900
38	PUBLIC HEALTH ADMINISTRATION		1,034,000	939,000	94,200
39	HEALTH EDUCATION	122,800			

HEALTH (CONT.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	
				GENERAL FUND	OTHER FUNDS
4	GRANTS TO GAAS	500,000			
5	PUBLIC HEALTH ADMINISTRATION	411,200			
6	ALASKA PSYCHIATRIC INSTITUTE		5,363,500	4,805,000	558,500
7	HARBORVIEW CENTER		4,247,500	1,521,700	2,725,800
8	CONTRACT INSTITUTIONS		2,433,900	1,502,000	931,900
9	PSYCHIATRIC SECURITY UNIT		485,400	485,400	
10	STATE MENTAL HEALTH CENTERS		546,300	515,300	31,000
11	JUNEAU	247,100			
12	FAIRBANKS	299,200			
13	COMMUNITY MENTAL HEALTH CENTERS		1,235,900	1,235,900	
14	MENTAL HEALTH ADMINISTRATION		570,000	451,500	118,500
15	DEVELOPMENTAL DISABILITIES	100,000			
16	ADMINISTRATION	470,000			
17	MEDICAID		16,908,500	8,524,700	8,383,800
18	GENERAL RELIEF MEDICAL		2,542,100	2,542,100	
19	PUBLIC ASSISTANCE ADMINISTRATION		1,302,200	520,600	781,600
20	COMPREHENSIVE HEALTH PLANNING		539,600	310,500	229,100
21	PLANNING	534,000			
22	FACILITIES DEVELOPMENT	143,100			
23	EMERGENCY MEDICAL PLANNING	61,900			
24	EMERGENCY MEDICAL SERVICES		450,000		450,000
25	STATE BOND COMMITTEE				
26	DEBT SERVICE		1,170,900	1,170,900	
27	CATEGORY FUND SOURCES				
28	FEDERAL RECEIPTS		11,564,600		
29	GENERAL FUND		32,471,600		
30	INTERAGENCY RECEIPTS		4,745,200		
31	PROGRAM RECEIPTS		182,200		
32	TOTAL FUNDING -- HEALTH		48,963,600		
33	* * * * * NATURAL RESOURCE MANAGEMENT * * * * *				
34	OFFICE OF THE GOVERNOR				
35	LIMITED ENTRY		1,067,300	1,067,300	
36	FISHERIES COMMISSIONS		166,200	166,200	
37	INTERNATIONAL NORTH PACIFIC	11,900			
38	INTERNATIONAL FISHERIES	107,500			
39	PACIFIC MARINE FISHERIES	23,500			

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	
			GENERAL FUND	OTHER FUNDS
1 NATURAL RESOURCE MANAGEMENT (CONT.)				
2				
3				
4 LAW OF THE SEA	23,300			
5 ATHLETIC COMMISSION		24,800	24,800	
6 COASTAL ZONE MANAGEMENT & CCS PLANNING		1,556,000	250,000	1,306,000
7 STATE PIPELINE SURVEILLANCE		2,622,200	187,500	2,434,700
8 OIL PIPELINE SURVEILLANCE	2,434,700			
9 GAS PIPELINE REVIEW	187,500			
10 DEPARTMENT OF REVENUE				
11 FISH & GAME LICENSING		106,900	253,900	153,000
12 DEPARTMENT OF NATURAL RESOURCES				
13 LAND MANAGEMENT		1,571,600	1,571,600	
14 MINERAL LEASING	239,100			
15 CENTRAL OFFICE	439,000			
16 SOUTHEAST DISTRICT	296,900			
17 SOUTHCENTRAL DISTRICT	276,600			
18 NORTHCENTRAL DISTRICT	320,900			
19 WATER MANAGEMENT		227,400	227,400	
20 ADMINISTRATION & SUPPORT		1,527,600	1,510,000	17,600
21 CADASTRAL ENGINEERING	848,700			
22 ADMINISTRATION	678,900			
23 GEOLOGICAL & GEOPHYSICAL PROGRAMS		1,656,800	1,656,800	
24 RESOURCE INVESTIGATION	1,000,200			
25 PUBLICATIONS	137,500			
26 MINERAL LABORATORY	195,100			
27 REGULATION & INFORMATION	127,300			
28 ADMINISTRATION	196,700			
29 OIL & GAS				
30 REGULATION		1,147,700	1,147,700	
31 ROYALTY OIL & GAS BOARD		150,700	150,700	
32 FOREST PROTECTION & MANAGEMENT		1,509,600	1,082,800	426,800
33 FIRE PROTECTION - STATE	818,900			
34 FOREST PROTECTION - BLM	417,000			
35 RESEARCH & TECHNICAL	40,400			
36 MANAGEMENT & TIMBER SALES	156,300			
37 ADMINISTRATION	76,400			
38 CONSERVATION ACTION CORPS		408,700	81,800	326,900
39 PARKS & RECREATION-DISTRICTS		1,401,100	1,162,700	238,400